



State of Utah
DEPARTMENT OF NATURAL RESOURCES
DIVISION OF STATE LANDS AND FORESTRY

Michael O. Leavitt
Governor

Ted Stewart
Executive Director

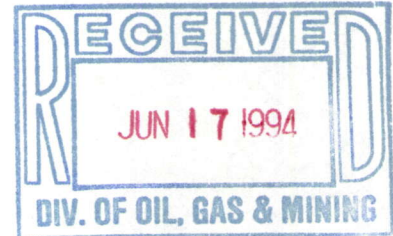
Scott Hirschi
Division Director

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June 16, 1994

CERTIFIED MAIL NO. P 051 448 272

Rex Harris
P.O. Box 513
Delta, UT 84511



Dear Mr. Harris:

RE: ML 43395 Gemstone/Fossil
S/027/011 Millard County

On May 9, 1994, the division requested that within 30 days the Lessee furnish additional surety or collateral bonding in the amount of \$5000 for your proposed or actual mining operations under state mineral lease ML 43395. Lessee has failed to comply with the division's request and is in breach of Article XII of the lease agreement.

Lessee is hereby notified pursuant to Article XIX of the lease agreement that ML 43395 will terminate in 30 days from date of this letter. All rental payments shall be forfeited to the state.

The division demands that upon termination of ML 43395 you 1) immediately cease all mining of the leased lands, 2) reclaim all surface disturbances to the satisfaction of the division; and, 3) submit all remaining royalty payment for leased substances which have been removed from the property.

Lessee may remedy the violation of Article XII and prevent the termination of this lease by furnishing the requested bond prior to 30 days from the date of this letter.

Sincerely,

JOHN T. BLAKE
MINERAL RESOURCES SPECIALIST

JTB/tdw

cc: Wayne Hedberg

